

## Message Text

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13  
ACTION NEA-10

INFO OCT-01 ISO-00 OMB-01 IO-13 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 IGA-02 EB-07 COME-00 TRSE-00 /085 W

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R 131125Z APR 76  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 1960

LIMITED OFFICIAL USE CAIRO 4912

E.O. 11652: N/A  
TAGS: EGEN, EG  
SUBJECT: GOE NEGOTIATING ADVISORY SERVICES OF MERRILL LYNCH  
SUBSIDIARY; MINFIN ON BUDGET CUTS

REF: CAIRO 4814

1. LONDON-BASED OFFICER OF MERRILL LYNCH INTERNATIONAL BANK TELLS US HIS COMPANY EXPECTS SIGN CONTRACT TO PROVIDE ADVISORY SERVICES OF COMPANY SUBSIDIARY TO GOE BY END OF APRIL. ADVISORY GROUP OF FOUR OR FIVE PERSONS IS ENVISIONED, WITH FOCUS OF RESPONSIBILITIES IN FIELD OF FOREIGN INVESTMENT. CONTRACT NEGOTIATIONS HAVE BEEN IN TRAIN WITH MINSTATE FOR CABINET AFFAIRS AND ADMIN REFORM FOUAD SHERIF FOR SEVERAL WEEKS. MERRILL LYNCH OFFICIAL HOPES PRIMIN SALEM WILL SIGN FOR GOE, BUT NOTES POSSIBLY SHERIF WILL BE DESIGNATED. IF CONTRACT GOES THROUGH, MERRILL LYNCH PROBABLY WILL ESTABLISH REP OFFICE IN CAIRO. TEAM WOULD WORK DIRECTLY WITH GOE AGENCIES CONCERNED WITH INVESTMENT, HOWEVER, PRESUMABLY BASED ORGANIZATIONALLY IN SHERIF'S OFFICE.

2. REPORT FITS WITH INFORMATION WE HAVE BEEN RECEIVING ON MINSTATE SHERIF AND PRIMIN'S EFFORTS  
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TO IMPROVE ADMINISTRATION IN ECONOMIC FIELD (REFTEL.

ACCORDING MERRILL LYNCH OFFICIAL, SHERIF IS SEEKING ADVISORY ASSISTANCE IN IMPARTING POSITIVE THRUST TO EGYPT'S ATTEMPTS TO ATTRACT FOREIGN INVESTMENT, AS CONTRASTED WITH ESSENTIALLY PASSIVE APPROACH THUS FAR. SERVICES SUPPLIED BY MERRILL LYNCH SUBSIDIARY WOULD INCLUDE PREPARATION OF FEASIBILITY STUDIES, EVALUATION OF PROJECTS AND APPROACHES TO POTENTIAL INVESTORS. WE HEAR SHERIF WISHES TO DISCUSS THIS MATTER WITH USAID, BUT NO INQUIRY HAS BEEN MADE SO FAR.

3. MERRILL LYNCH OFFICER GATHERS FROM HIS CONTACTS WITH SHERIF, INCIDENTALLY, THAT MINFIN ABU ISMAIL IS CHIEF IMPEDIMENT TO REFORM MEASURES UNDERWAY, AT LEAST IN VIEW OF SHERIF. ALLEGED RECALCITRANCE OF ABU ISMAIL IS SAID TO DERIVE FROM BUREAUCRATIC RIVALRY AND SHERIF'S INCUSIONS INTO MANAGEMENT OF ECONOMIC AFFAIRS. (WE HEAR THAT SHERIF SAID IN AN AS-YET UNPUBLISHED INTERVIEW THAT INSECURE MINISTERS MAKE GOOD MINISTERS; HE SEEMS TO BE FOLLOWING A DELIBERATELY PROVOCATIVE COURSE IN AN EFFORT TO SHAKE UP THE RED TAPE-RIDDEN GOE BUREAUCRACY.)

4. MINFIN ABU ISMAIL APPARENTLY GRABBED INITIATIVE APRIL 12 WITH PRESS CONFERENCE TO ANNOUNCE GOE PLANS TO CUT 1976 BUDGET BY LE 400 MILLION (\$1,024 MILLION AT OFFICIAL RATE). ABU ISMAIL NOTED THAT HE IS IN CONTACT WITH VARIOUS MINISTRIES ON DETAILS OF BUDGET ITEMS SUBJECT TO CUTS, BUT THESE WERE NOT REVEALED IN PUBLISHED ACCOUNTS. HE ADDED THAT TAX REVENUES WOULD BE INCREASED BY LE 100 MILLION AS RESULT OF MORE EFFICIENT COLLECTION AND REMARKED THAT TWENTY "TEAMS" OF TAX OFFICIALS WILL BE SENT ABROAD FOR TRAINING, ESPECIALLY TO U.S. EILTS

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## Message Attributes

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